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# University of Montana

## NEWS RELEASE

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November 15, 1990

### LOG HOME INDUSTRY PROSPERS IN MONTANA, UM RESEARCHERS SAY

MISSOULA --

From rustic cabins in the woods to \$500,000 dream homes that sell in international markets, log homes have grown into a \$30 million-a-year industry in Montana, according to an article in the fall issue of the Montana Business Quarterly.

The magazine is published by The University of Montana Bureau of Business and Economic Research. The article is based mainly on a series of bureau censuses conducted in cooperation with the Forest Survey Research Work Unit of the U.S. Forest Service's Intermountain Research Station in Ogden, Utah.

Montana is one of the nation's largest log home producers, says Charles Keegan, the bureau's director of forest products industries research and co-author of the article. The other writers are Dwane Van Hooser, the project leader of the Forest Survey Research Work Unit; Paul Larson, a UM associate professor of management; and Daniel Wichman, a graduate assistant at the bureau.

The industry grew from a few plants in the 1960s to 35 plants in 1988, Keegan says, and total sales increased from \$3 million (in inflation-adjusted 1988 dollars) in 1969 to \$30 million in 1988.

The market area reached by Montana log home producers has expanded since the late 1970s, Keegan says. In 1976, sales outside

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Log.rl -- 2

the western United States accounted for only 20 percent of the total sales, and no international sales were reported, he says.

By 1988, he says, 46 percent of the total sales were to states outside the western United States. Sales to international customers, mostly in Japan, were 7 percent of the 1988 sales, Keegan says.

"Today the industry employs 500 to 700 full- and part-time workers, compared with 100 to 200 workers during the 1960s," Keegan says.

"Log home manufacturing is labor intensive compared with other timber industries," he says, adding that the log home industry employs 15 to 30 workers for every million board feet of timber processed.

In contrast, he says, sawmills and plywood plants employ only three to five workers for the same amount of timber. The higher level of employment is due to the greater degree of processing required to make a log home, he adds.

Keegan says the long-term outlook for the log home industry is generally good. Sales should continue to increase, partly because better financing, building codes and architecture have created a broader market for log homes.

One problem Montana log home producers and other forest products manufacturers face is the current shortage of timber, he says.

"It is not clear whether this will be a long-term or temporary complication," he says. "A sharp decline in the national forest timber sale program over the past three years is a major concern for



Log.rl -- 3

log home producers as well as for the entire industry."

Other articles in the quarterly focus on UM's televised master's of business administration program, the Montana Entrepreneurship Center and incorporating methods for small businesses. The magazine is available for \$4 from the Bureau of Business and Economic Research, The University of Montana, Missoula, MT 59812; 243-5113.

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